The Statesman

UP fake cigarette bust: India's illicit trade costs Rs 20,000 cr, 1/4th market relies on illegal products

The raid comes amid growing concern over India's illicit tobacco market, which industry estimates say accounts for more than a quarter of cigarette consumption and costs the government thousands of crores in lost revenue annually

Siddhartha Rai | New Delhi | September 5, 2026


Cigarette-making equipment and packaging material seen during a crackdown on an alleged fake cigarette manufacturing operation in Uttar Pradesh. (Photo: X/@hindipatrakar)

The Meerut Police on Friday seized a huge cache of counterfeit cigarettes from an illegal factory operating out of an abandoned school building in the Doodhli village under the jurisdiction of the Hastinapur Police Station.

The total seizure, including cigarettes from some of the top brands retailing in India and machinery and raw material, is pegged at over Rs 3 crore.

The owner of the illegal unit has been arrested, as also the workers, who were detained for questioning. The police are also probing the role of the school management—whether they knew about the illegal operations or were facilitating the illegal operations. Police suspect the factory was operating for a considerable period of time.

The seizure once again turned the spotlight on the role of smuggling and counterfeit sin goods in India. While India charges high taxes on sin goods-tobacco products, alcohol etc.- the country has been reeling from severe loss due to illicit trade and counterfeiting.

Early this year, Mohand Kumar Singh, a functionary of the Central Board of Indirect Taxes and Customs, had highlighted the growing complexity and scale of illicit trade in India. He had claimed that despite India's enforcement efforts, authorities had seized nearly 150 million sticks of illicit cigarettes in the first three quarters of 2025-26. Singh was speaking at the 5th edition of the Anti-Smuggling Day.

According to FICCI reports, authorities had seized 90.98 million sticks in 2023-24. FICCI estimates, illicit cigarette trade resulted in revenue losses exceeding Rs. 13,331 crores in 2019-20, while international estimates place the figure at over Rs. 21,000 crores. Experts are of the opinion that illegal and illicit trade, including cigarettes, not only results in revenue loss to the exchequer, but the money often funnels into criminal enterprises, including terror funding.

According to the estimates of the Tobacco Institute of India (TII), "Illegal Cigarette trade comprising international smuggled and locally manufactured tax-evaded cigarettes accounts for as much as 1/4th of the Cigarette Market in India. It is estimated that the Government loses Rs. 23,000 crores per annum on account of illegal cigarette trade."

"According to the recent data released by Euromonitor International, India is the 4th largest illicit market in the world. Illicit cigarettes currently account for 26.1% of the Indian cigarette market," TII says on its website.

Source: https://www.thestatesman.com/uttar-pradesh/up-fake-cigarette-bust-indias-illicit-trade-costs-%E2%82%B92k-cr-1-4th-market-relies-on-illegal-products-1503635033.html